

Message Text

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PAGE 01 BRUSSE 08476 311202Z

43

ACTION EB-06

INFO OCT-01 EUR-08 EA-06 IO-04 ISO-00 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FEAЕ-00 FPC-01 H-01

INR-05 INT-05 L-01 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-02 SP-02 SS-15 STR-01 TRSE-00 FRB-01 PA-01

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 2325

USMISSION OECD PARIS

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

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PAGE 02 BRUSSE 08476 311202Z

USMISSION USUN NEW YORK

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E.O. 11652: N/A

TAGS: ENRG

SUBJECT: INTERNATIONAL ENERGY PROGRAM: PRESS CONFERENCE BY
ECG CHAIRMAN DAVIGNON

1. DAVIGNON, CHAIRMAN OF THE ENERGY COORDINATING GROUP, AND DIRECTOR GENERAL OF POLITICAL AFFAIRS IN THE BELGIAN MINISTRY OF FOREIGN AFFAIRS, ADDRESSED A PRESS CONFERENCE ON OCTOBER 28 IN BRUSSELS TO ANSWER QUESTIONS ON THE IEP. ABOUT ONE HUNDRED JOURNALISTS ATTENDED, INCLUDING A USIS LOCAL EMPLOYEE WHOSE NOTES ARE THE BASIS FOR THIS REPORT. THIS WAS DAVIGNON'S THIRD PRESS CONFERENCE ON THE IEP IN THE LAST SIX WEEKS, BUT THE PREVIOUS TWO WERE POORLY ATTENDED AND GENERATED LITTLE PUBLICITY.

2. DAVIGNON MADE NO INTRODUCTORY STATEMENT. HE RESPONDED TO QUESTIONS FOR SOME 75 MINUTES. THE FOLLOWING IS A SUMMARY OF HIS REMARKS OTHER THAN THOSE DESCRIBING THE MECHANISM OF THE IEP:

3. ADHERENCE TO THE AGREEMENT. DAVIGNON SAID THAT THE OPERATIVE DEADLINE FOR SIGNALLING THE INTENTION TO BE A FOUNDING MEMBER OF THE INTERNATIONAL ENERGY AGENCY IS NOV. 17, JUST BEFORE THE OECD COUNCIL ESTABLISHES THE AGENCY. (NOTE: HIS OCTOBER 28 STATEMENT ON THE COUNTRIES THAT HAVE FORMALLY INDICATED THEIR INTENTION TO BECOME MEMBERS HAS ALREADY BEEN OVERTAKEN BY EVENTS. ON OCTOBER 30 HE TOLD US THAT ALL OF THE ORIGINAL 12, EXCEPT CANADA, IRELAND, AND NORWAY HAVE INDICATED THEIR INTENTION TO ACCEPT THE IEP AGREEMENT. HE EXPECTS CANADA TO NOTIFY SHORTLY AND ANTICIPATES NO PROBLEM WITH IRELAND.)
DAVIGNON SAID HIS TALKS WITH THE NORWEGIAN GOVERNMENT ARE STILL CONTINUING. HE ALSO SAID THAT IT IS POSSIBLE THERE WILL BE ADDITIONAL MEMBERS OF THE IEA BEYOND THE ECG 12, SHOULD OTHER OECD COUNTRIES WISH

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PAGE 03 BRUSSE 08476 311202Z

TO JOIN. HE SAID THAT THE SIX OTHER OECD COUNTRIES WHO MET WITH ECG ON OCTOBER 22 INDICATED A "MORE THAN PLATONIC INTEREST" IN THE IEP.

4. ESTABLISHMENT OF THE IEA WITHIN OECD. DAVIGNON SAID THAT THE COUNCIL DECISION ESTABLISHING THE IEA CAN BE TAKEN BY THE OECD PERMANENT REPRESENTATIVES AND DOES NOT REQUIRE A MEETING OF THE COUNCIL OF MINISTERS.

THE DECISION TO ESTABLISH THE AGENCY MUST BE UNANIMOUS, BUT ABSTENTIONS WOULD NOT BE A DENIAL OF UNANIMITY. THIS QUESTION WAS RAISED EXPLICITLY WITH REGARD TO FRANCE, AND IT BROUGHT UP THE RELATED QUESTION OF THE EC'S RELATIONSHIP TO THE IEA. DAVIGNON EXPRESSED HIS HOPE THAT THE EC COULD BE A CO-SIGNATORY OF THE IEP AGREEMENT, SAYING THAT PROVISION FOR EC MEMBERSHIP AS A GROUP EXISTS IN THE DRAFT AGREEMENT. BUT IF THE EC DID NOT COME IN AS A MEMBER HE STILL HOPED IT WOULD PARTICIPATE IN THE IEA'S WORK WITH OBSERVER STATUS.

5. RELATIONS WITH OIL PRODUCERS. DAVIGNON TOOK STRONG EXCEPTION TO FRENCH PRESIDENT GISCARD'S RECENT STATEMENT THAT THE IEP WOULD BE HOSTILE TO THE OIL PRODUCERS. WHEN ASKED TO COMMENT ON GISCARD'S CALL FOR A LIMITED MEETING BETWEEN PRODUCER AND CONSUMER COUNTRIES IN EARLY 1975, DAVIGNON SAID ONLY THAT IT WAS A QUESTION THAT WOULD HAVE TO BE CONSIDERED BY THE IEA AFTER ITS ESTABLISHMENT, ADDING THAT THE VIEWS OF THE OIL PRODUCING COUNTRIES SHOULD BE ASCERTAINED FIRST.

6. ROLE OF THE INTERNATIONAL OIL COMPANIES. DAVIGNON DESCRIBED THE RESULTS OF TALKS BETWEEN THE ECG AND OIL COMPANY REPRESENTATIVES IN LONDON ON OCTOBER 23-24 AS "EXTREMELY POSITIVE". HE WAS AT PAINS TO MAKE CLEAR THAT IN THE EVENT THAT THE EMERGENCY OIL SHARING PLAN WERE TRIGGERED, THE OIL COMPANIES WILL BE NEEDED TO OPERATE IT. HE SPOKE OF THE NEED FOR GREATER "TRANSPARENCY" OF THE OIL MARKET AND CLEARLY SAID THAT THE GOVERNMENTS PARTICIPATING IN THE IEP WILL COMMIT THEMSELVES TO OBTAIN THE INFORMATION NEEDED TO MAKE THE EMERGENCY PROGRAM WORK AND THAT IF THEY CANNOT OBTAIN IT FROM THE COMPANIES BY CONTRACTUAL LIMITED OFFICIAL USE

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PAGE 04 BRUSSE 08476 311202Z

MEANS THEY WILL HAVE TO DO IT THROUGH LEGISLATION.

7. AUTOMATICITY OF THE TRIGGER. AFTER OUTLINING THE TRIGGER MECHANISM OF THE EMERGENCY PROGRAM, DAVIGNON ADDED THAT THE IEA MIGHT TRIGGER DEMAND RESTRAINT EVEN IN THE ABSENCE OF AN EXTERNALLY IMPOSED CUTOFF OF SUPPLY; FOR EXAMPLE, IF OIL PRICES PLACED AN INTOLERABLY GREAT BURDEN ON THE IMPORTING COUNTRIES. IN THAT CASE THE TRIGGER WOULD NOT BE AUTOMATIC BUT WOULD DEPEND ON THE UNANIMOUS VOTE OF THE IEA GOVERNING BOARD. DAVIGNON ALSO PROVIDED AN EXAMPLE OF THE POTENTIAL EFFECTIVENESS OF THE EMERGENCY PROGRAM, POINTING OUT THAT IF THERE WERE A 50 PERCENT EMBARGO OF ARAB OIL TO THE IEP COUNTRIES, AND IEP COUNTRIES HAD RESERVE STOCKS OF 60 DAYS AND TOOK DEMAND RESTRAINT MEASURES CALLED FOR BY

THE EMERGENCY PROGRAM, THEY COULD SUSTAIN SUCH AN
EMBARGO FOR MORE THAN A YEAR WITHOUT EXHAUSTING
RESERVE STOCKS. FIRESTONE

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